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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 ARAE-00
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P 101435Z MAR 77
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EO 11652 NA
TAGS: ENRG VE
SUBJ: SHARP REACTION TO SENATE REPORT REFERRING TO ORINOCO
OIL BELT

1. EL NACIONAL OF MARCH 8 REPORTED THAT A SOON TO BE RELEASED
STUDY PREPARED FOR A US SENATE COMMITTEE WOULD RECOMMEND THE
US PROVIDE PREFERENTIAL TREATMENT TO VENEZUELA AS A MEANS OF
OF OBTAINING ACCESS TOOIL RECOVERED FROM THE ORINOCO HEAVY OIL BELT.
THIS WAS FEATURED IN AN INTERVIEW WITH DR JUAN PABLO PEREZ
ALFONZO, THE "FATHER" OF OPEC, WHO SAID HE HAD BEEN SENT A COPY
OF "GEOPOLITICS OF ENERGY", PREPARED BY DR MELVIN A CONANT FOR
THE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE, HEADED BY
SEN JACKSON. PEREZ ALFONZO, INTERVIEWED WHILE PACKING FOR A
PERSONAL VISIT TO CUBA, SAID HE HAD JUST RECEIVED THE REPORT
AND HOPED TO STUDY IT DURING HIS TRIP.

2. PEREZ ALFONZO SAID HIS INITIAL IMPRESSION WAS THAT THE REPORT
REALISTICALLY DESCRIBED THE US PETROLEUM SITUATION AS A GRAVE
CRISIS WHICH WOULD NOT BE EASILY OVERCOME. FOR EXAMPLE, HE SAID
IT DISCOUNTED THE POSSIBILITY THAT COAL COULD REPLACE PETROLEUM
IMPORTS. HE SAID THE REPORT MADE SPECIFIC, CONCRETE REFERENCES
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TO THE IMPORTANCE OF VENEZUELA TO THE US AS A SOURCE OF PETROLEUM
IT SUGGESTED THE US ADOPT A VERY BROAD POLICY TOWARD
VENEZUELA, INCLUDING SPECIAL CREDITS AND LOANS,TO MAINTAIN
THE COOPERATION WHICH COULD RESULT IN US ACCESS TO THE DEVELOP-
MENT OF THE ORINOCO BELT. HE COMMENTED THAT THE PROSPECTS
OF ALONG TERM US ENERGY CRISIS WAS CAUSE FOR PROFOUND REFLEC-
TION, INDEPENDENT OF WHAT VENEZUELA WOULD DO WITH THE HEAVY OIL

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BELT, AND INDICATED HE WOULD EXAMINE THIS MORE CLOSELY ON HIS
RETURN FROM CUBA.

3. REACTION TO THE REPORT WAS IMMEDIATE. MINISTER OF ENERGY
AND MINES HERNANDEZ DENIED THAT THERE HAD BEEN ANY CONVERSATIONS
ON THE DEVELOPMENT OF THE BELT WITH THE US. CANADA
IS THE ONLY COUNTRY WITH WHICH OFFICIAL DISCUSSIONS HAVE TAKEN
PLACE, AND THESE HAVE RELATED TO THE POSSIBLE EXCHANGE OF
TECHNICAL INFO ON HEAVY OIL RECOVEREY AND PROCESSING.
MOREOVER, HE SAID, VENEZUELA HAS NEVER CONSIDERED LINKING THIS
OR ANY OTHER DEVELOPMENT OF PETROLEUM RESOURCES WITH FINANCIAL
SCHEMES OR THE NEGOTIATION OF LOANS. FINALLY, HE SAID, THE GOV
HAD A COPY OF THE REPORT, AND WOULD PROVIDE IT, WITH THE
MINISTRY'S COMMENTS, TO PRESIDENT PEREZ WITHIN THE WEEK.

4. EL NACIONAL OF MAR 9 SUMMARIZED CONGRESSIONAL REACTION
AS FOLLOWS " VENEZUELA DOES NOT NEED PREFERENTIAL FINANCIAL
TREATMENT FROM THE US PARTICULARLY IF IT IS CONDITIONED
ON THE ASSURANCE OF FUTURE SUPPLIES (OF OIL) FROM THE ORINOCO
HEAVY OIL BELT." THIS REPRESENTED A BLAND GENERALIZATION OF
THE LENGTHY, NATIONALISTIC COMMENTS OF REPRESENTATIVES OF EACH
OF THE THREE OPPOSITION PARITES. REPRESENTATIVES OF AD, THE
GOVT PARTY, DECLINED TO COMMENT.

5. COMMENT- WE NOW UNDERSTAND FROM A SOURCE WITHIN THE GOV
THAT THE "GEOPOLITICS OF ENERGY" WAS ESSENTIALLY A PRIVATE
STUDY REPRINTED BY THE SENATE COMMITTEE AND THEREFORE DOES NOT
NECESSARITY REPRESENT SENATOR JACKSON'S VIEWS, MUCH LESS THOSE
OF THE CONGRESS OR THE ADMINISTRATION. UNFORTUNATELY, HOWEVER,
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THIS DISTINCTION IS NOT MADE LOCALLY, PARTICULARLY WHEN THE
EVER SENSITIVE QUESTION OF THE ORINOCO BELT IS RAISED, AND
AS A RESULT, A SITUATION IS CREATED WHICH CAN ONLY MAKE MORE
DIFFICULT ANY POSSIBLE FUTURE COOPERATION IN THIS AREA.

6. THE EMBASSY WOULD APPRECIATE RECEIVING A COPY OF REPORT
IF AVAILABLE.
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